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RHEBAAA/DEPT OF ENERGY WASHINGTON DC  
RUCPDO/DEPT OF COMMERCE WASHDC

C O N F I D E N T I A L SECTION 01 OF 02 ANKARA 006763

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USDOC FOR 4212/ITA/MAC/CPD/CRUSNAK  
DOE FOR CHARLES WASHINGTON  
EUR ALSO FOR MATT BRYZA  
S/P FOR STEVE HELLMAN

E.O. 12958: DECL: 11/12/2016

TAGS: [ENRG](#) [EPET](#) [PREL](#) [TU](#) [GG](#) [AJ](#) [RS](#)

SUBJECT: TURKEY AND GEORGIA SLOW DANCE ON GAS TO THE NEW  
YEAR

REF: A. ANKARA 6736  
[1](#)B. ANKARA 6638  
[1](#)C. TBILISI 3402

Classified By: DCM NANCY MCELDFOWNEY FOR REASONS 1.5 (B AND D)

[1](#)1. (C) SUMMARY: The full court press of President Saakashvili's visit to Ankara aimed at securing gas for Georgia yielded what the GOG announced as a signed MOU, but what the GOT characterized as reiteration of its political commitment to help Georgia with a share of its gas, while leaving the critical issue of compensation to a trilateral meeting. The trilateral meeting has been scheduled tentatively for December 29 in Ankara with Energy Ministers, but Azerbaijan is to be represented by DPM Abid Sharifov, although his attendance and the meeting have not been confirmed. End Summary.

[1](#)2. (C) Georgia Embassy DCM Irakli Koplatadze told us that Turkey and Georgia had indeed signed a MOU on gas on December 22 during a full day of meetings between Energy Ministers and staff. He said that the bilateral MOU stated that Turkey would provide 0.8 BCM from its Shah Deniz share to Georgia, but left the vexing issue of compensation to Turkey to be addressed at a trilateral meeting. He said that the trilateral had been subsequently set for Friday December 29 in Ankara, with Azerbaijan to be represented by DPM Abid Sharifov. The Georgian DCM said that Georgia had offered to compensate Turkey with additional electricity over 5-6 years, but agreement had not been reached.

[1](#)3. (C) MFA Energy Officer Gulsun Erkul confirmed that a document had been signed, but she characterized it as "signed minutes," in which Turkey reiterated its political commitment to help Georgia. She said that the Georgians were insistent that something be signed to buttress their position with

their public. Erkul said that a full agreement could not be signed without the Azeris and without clarifying compensation. She repeated the Turkish request that the contract between Turkey and the consortium be delayed six months to July 2007 to then provide the full 12 months at the cheaper pricing. In her view the Azeris needed to step up and sign an acceptable agreement for the Shah Deniz gas. Erkul confirmed the scheduled trilateral meeting for December 29, but noted that Azeri DPM Sharifov had not confirmed his participation.

14. (C) MFA Caucasus Department Head Suleyman Gokce cited additional areas of cooperation discussed during President Saakashvili's December 19-21 state visit to Turkey: the Kars-Tbilisi-Baku railroad and a signed Turkey-Georgia Preferential Trade Agreement, with a promise to expedite negotiations on a Free Trade Agreement. The Georgian delegation noted the positive results of a nine-month old preferential visa regime that allows Turkish and Georgian citizens to enter each others' countries for 90 days without visas, which Georgian officials said has resulted in one fifth of all Georgian citizens visiting Turkey. However, Gokce noted that the clear focus of President Saakashvili's high-profile visit was getting gas from Turkey. Gokce voiced concerns we have heard before from the GOT that Georgia was over-playing its fight with Russia, and so was now over-eager in its all out courting of Turkey to replace Russia in a range of areas, including gas. He said in previous meetings that GOG officials had trumpeted Russian threats to Georgia as dire to the region that they must be countered no matter the cost. Officials had even suggested that Georgia might not be able to guarantee the security of BTC and BTE

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pipelines. Noting that the GOT had counseled restraint and dialogue, Gokce said that Georgian officials had a calmer tone on this visit, but were aiming for longer term gas needs, including unclear compensation to Turkey from future Georgian electricity exports.

15. (C) COMMENT: It is unclear if the trilateral meeting on gas will come to pass before the new year and whether it will be fruitful. Turkish officials are exasperated with Georgia's frantic calls for help, and cynically observe that Georgia just wants Turkey's gas cheap. The issue of Turkey's compensation still looks like a deal breaker, without serious intercession from Azerbaijan. It is unclear how delays in Shah Deniz deliveries and reported deals by Georgian companies with Gazprom will affect the situation. The Georgian DCM characterized the deals with Gazprom as short-term contracts by Russian companies.

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